



PERSi announces \$155.4 million gain sharing

Gain Sharing payments to occur in January 2001

Gain Sharing, the new PERSi benefit created by the 2000 Idaho Legislature, is becoming a reality, with the first distributions occurring in January 2001. With Gain Sharing, PERSi is able to share excess earnings with our eligible retirees, active members and employers. This year, for our initial Gain Sharing distribution, we are sharing \$155.4 million dollars among the three groups.

We are happy to inform you that as one of PERSi's 22,000 retirees, you will share in \$18.6 million in the form of a "13th Check" in January, 2001. Be assured that this money is intended for you. It is NOT a mistake. You may spend the money however you wish. You need not call us first.

13th Check Payment Amount

The amount of your PERSi Gain Sharing 13th Check is determined by your regular PERSi

retirement benefit, and is equal to about 106% of your monthly amount; therefore your 13th Check will be different than your regular amount. We will send you a notice of the exact amount in January 2001.

The **average** retiree with a monthly benefit of around \$846 will receive a check for about \$896. Your amount will be more or less based on your regular monthly PERSi payment. (Note: if you retired after June 30, 2000, your check may be a different amount because you were an active

member as of that date and your gain sharing is based on the active member calculation.) This check is additional income that may affect your tax liability.

Deductions from Your 13th Check

Taxes: If you normally have taxes withheld from your regular PERSi monthly payment, then taxes will also be deducted from your 13th Check. If you do not normally have taxes withheld, no taxes will be deducted from your 13th Check.

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At the press conference announcing Gain Sharing, Governor Kempthorne (front) reacts to a comment along with (from left to right) PERSi Board members Pamela Ahrens and Susan Simmons, Senator Grant Ipsen, Representative Robert Schaefer and Senator Dean Cameron. More photos inside.



A Message from the Chairman, Jody B. Olson

Gain Sharing brought to you by dedicated PERSi employees



*Jody B. Olson
Retirement
Board
Chairman*

As you all know, PERSi will be making our first gain sharing distributions to you, our members, this January. Something you might not all know, however, is that I believe this valuable new program from which we will all benefit, would not have been possible if it wasn't for some very special people - the PERSi staff.

First of all, I'd like to recognize Bob Maynard, PERSi's Chief Investment Officer.

Bob joined PERSi just over eight years ago, at a time when the system was just starting to climb out of a sizable funding deficit. At the time, PERSi had about \$2 billion in assets, and an unfunded liability of about \$800 million. Bob took

control of the PERSi portfolio, made changes to dramatically improve our returns as well as our stability, and has led the team that has brought us to where we are today - a \$7 billion plan that is 116% funded and able to grant gain sharing to you.

"We have been very fortunate that our long-term investment strategy has given us such handsome returns in recent years. While we do not expect these stunning markets to continue forever, it is nice to know that when the markets do offer their occasional periods of superlative returns, our investments capture those opportunities," said Bob.

Next, I'd like to commend Executive Director, Alan Winkle, and his senior managers: Deputy Director, Ted Aho; Financial Officer, Jim Monroe; Benefits Manager, Susan Shaw; Field Services Manager, Judy Aitken; Information Technology Manager, Carol Boylan; Communications Manager, Becky Crowther; Defined Contribution Plan Specialist, Gay Lynn Bath; Management Assistant, Joanne Ax; and Deputy Attorney General assigned to PERSi, Brad Goodsell. This group is doing an excellent job of planning and implementing the new programs within a very short timeframe.

Last, but not least, I want to recognize the hard-working staff at PERSi. The new Gain Sharing and

Choice plan programs, in essence, have doubled the workload for PERSi, but only a few new staff members have been added. The staff is going all out to implement a new computer system and initiate the new programs. This has not been easy and I really appreciate all the extra effort.

PERSi staff members are:

Benefits: Lenna Strohmeier, Kay Prince, Marian Van Gerpen, Shirley Clark, Lisa Coburn, Gerry Sjol, Lois Hathorn, Micaela Larrondo, Melody Hodges, Penny Walls and Mary Christensen.

Field Services: Anna Garlock, Heidi Andrade, Judith Porges, Susan Strouth, Lynn Duncan, Catherine Atchison, Judy Shock, Roger Bartlett, Lisa Mabe, Lynne Yowell, Jan Murphy and Kari Caven.

Financial: Tess Myers, Rhonda Yadon, Jo Anne Dieffenbach, Sue Zweifel, Barbara Weirick, Debbie Buck, Adrienne Yates, and Shasta Luper.

Information Technology: Tim Thuis, Joy Fereday, Lance Olson, Kris Colt, Phyllis Siefkas, Stacy Bussert and Nancy Fauver.

Communications: Maxine Thomas and Bill Duncan

Defined Contributions: Karen Miller

Portfolio/Legal: Rose Marie Sawicki

When you receive your Gain Sharing 13th Check this January, please take a minute to think of the PERSi staff. ♦

Gain Sharing

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Insurance, dues, etc. Even if you normally have deductions taken from your regular PERSI monthly payment for medical or dental insurance premiums, various dues, etc, no such deductions will be taken from your 13th Check. Only the taxes discussed above will be deducted.

Payment Method for Your 13th Check
If your regular PERSI monthly retirement benefit is deposited directly in your bank account, the 13th Check will also be automatically deposited for you. It will be deposited in January 2001.

If you receive your PERSI monthly retirement benefit in the mail, you will receive your 13th Check in the mail as well. The check will be mailed in January 2001.

Monthly PERSI Benefit Not Affected and COLAs Will Continue
We would also like to remind you that this Gain Sharing 13th Check is in addition to your regular monthly PERSI benefit. Your regular benefit will not change in any way. Plus, you will still receive your annual PERSI Cost of Living Allowances (COLAs) in March 2001. This March you will receive a 3.4% COLA increase on your PERSI benefit. This increase means that \$51 million more will be going to PERSI retirees.

Gain Sharing May Not Occur Each Year
Also, remember that Gain Sharing may or may not occur annually, depending on PERSI's investment earnings and funding level. Gain Sharing will only occur in years when PERSI has extraordinary



PERSI Retiree Payroll Facts
September is always our busiest month for new retirees. This year we really broke all records with 477 September retirees. (A normal month has 100 retirees.)

- \$19,367,453 monthly payroll
- 22,891 retirees
- \$846 average monthly benefit
- 83% of retirees use direct deposit

earnings. This year, we are extremely pleased to share our success with you in the form of your forthcoming 13th Check.

Active Members and Employers Also Receive Gain Sharing
Active members will receive their gain sharing as a deposit into an individual *ChoicePlan* account within PERSI. The active member payment amount is based on their regular PERSI account balance as of June 30, 2000. PERSI's 53,000 eligible active members will share some \$59 million.

Active members will be able to make voluntary contributions to their *ChoicePlan* accounts through tax-deferred payroll deduction and they will have a variety of investment funds in which they may invest.

PERSI's 638 employers will share \$77.7 million in as credits against future contributions owed to PERSI. In 2001, this will be approximately 44% of what is owed for the year. PERSI has no restrictions on how the employers may utilize their savings other than those generally applicable to them. PERSI is not involved in the spending decision in any way. Regular PERSI benefits and contributions are in no way reduced or affected by gain sharing or the employer credits. ♦



Representative Robert Schaefer remarks about gain sharing. Also pictured (left to right) PERSI Board members Pamela Ahrens and Sue Simmons and Senator Hal Bunderson.



Retirement Board Chairman, Jody B. Olson (left) presents a check at the press conference announcing gain sharing. Also visible (left to right) PERSI Board members Kirk Sullivan and Pamela Ahrens, Senator Hal Bunderson, Representative Robert Schaefer, Senator Dean Cameron and PERSI Board member Dennis Johnson.

How much Gain Sharing will you receive?

Projected January 2001 Gain Sharing	
Active Members	\$ 59 million
Retirees	\$ 18.6 million
Employers	\$ 77.7 million
Total Gain Sharing for the Year	\$155.4 million

Your gain sharing amount is based on your PERSI Monthly Retirement Benefit as of June 30, 2000. Refer to your PERSI direct deposit amount on your bank statement to estimate your gain sharing “13th Check” payment amount. If you receive your PERSI checks in the mail, refer to your July 2000 checkstub to estimate your gain sharing “13th Check” amount.

Estimated Retiree Monthly Benefits and Gain Sharing “13th Check”

Monthly Benefit				Average Benefit & Payment				
	\$200	\$400	\$600		\$900	\$1,000	\$1,200	\$1,400
Estimated Gain Sharing Payment	\$213	\$425	\$638	\$896	\$957	\$1,063	\$1,276	\$1,488

The above is based on a \$155.4 million gain sharing distribution. As fiduciaries, the Retirement Board reserves the authority to change the distribution amount or to cancel gain sharing should economic circumstances require them to do so to ensure the stability of the PERSI fund. **Gain sharing distributions are expected to occur in January, 2001. You will receive a notice at that time confirming your payment amount.** ♦

PERSI Proposed legislation for 2001


PERSI will be submitting the following pieces of legislation for 2001:

- Technical Corrections** — This is a collection of four minor corrections to existing law to:
- a. Clarify when erroneous employee contributions may be refunded;
 - b. Remove the statutory limit (less than \$20) for commutation of benefits, and replace it with Board authority to determine the limit by rule;
 - c. Clarify the scope of In-Service Disability Retirement so that the “hired on or after July 1, 1993” limitation applies only to fire-fighters;
 - d. Correct an erroneous statutory reference in Idaho Code 59-1396 from 72-1445 to 72-1444.

Waiver of Excess Cost for New Employers — To give the Board the authority to waive excess cost payments when a new employer remains in PERSI for at least ten years.

Spousal Access to Information — To allow PERSI the authority to release certain member account information to a spouse or ex-spouse. ◆

RETIREMENT

**PERSpectives**

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PERSI receives prestigious accounting award for 8th consecutive year

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to PERSI for its comprehensive annual financial report for the fiscal year ended June 30, 2000. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized

PERSI receives the GFOA award for the eighth consecutive year. Pictured (from left to right): Retirement Board Chairman, Jody B. Olson; Senior Accountant, Rhonda Yadon; PERSI Board Member and Chairman of the Audit Subcommittee, Susan K. Simmons.

comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The System has received a Certificate of Achievement for the last eight consecutive years. ◆



PERSI Board approves maximum COLA for retirees for 11th straight year

PERSI will recommend a full discretionary Cost of Living Allowance (COLA) of 3.4% for all PERSI retirees. PERSI’s investments earned 13.3% before expenses in FY00, which means the fund may pay a full retiree COLA, grant gain sharing to retirees, active members and employers, and keep lower contribution rates for active members and employers.

With this year’s full COLA, 100% of PERSI retirees continue to have 100% purchasing power. PERSI members are fortunate to receive cost of living increases. Most private pension plans do not grant COLAs at all, so that over the years, pensioners lose considerable

purchasing power due to inflation. This will be the 11th straight year that PERSI has granted the maximum COLA.

The recommended 3.4% discretionary COLA equals the increase in the Consumer Price Index (CPI) for the year (August to August). By law, PERSI’s COLA cannot exceed the CPI or 6%, whichever is less.

The COLA automatically becomes effective March 1, 2001 unless the legislature modifies the Board’s recommendation by the 45th day of the legislative session. The legislature has never modified the Board’s recommendation. ◆



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